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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**Application of Pacific Gas and Electric
Company Proposing Cost of Service and
Rates for Gas Transmission and Storage
Services for the Period 2015 - 2017.**

**Application 13-12-012
(Filed December 19, 2013)**

And Related Matters.

Investigation 14-06-016

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
LATE FILED NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rules 8.3 and 8.4 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Sacramento Municipal Utilities District ("SMUD") provides this notice of ex parte communication.

On January 13, 2016, William Westerfield, SMUD's counsel, and Thomas Ingwers, SMUD's consultant, met with Rachel Peterson, Chief of Staff to Commissioner Liane M. Randolph, from approximately 2:00 p.m. to 2:30 p.m. The meeting occurred at the Commission's offices in San Francisco. SMUD requested the meeting. Written material was used and is included with this notice of ex parte communication.

During the meeting with Ms. Peterson, SMUD's representatives discussed SMUD's support for Pacific Gas and Electric Company's ("PG&E") proposal to retain the existing

structure of non-core customer rates for natural gas service, in which customers that connect directly to PG&E's backbone system do not pay for local transmission service.

Mr. Ingwers summarized the history of SMUD's connection of its gas-fired power plants to PG&E's backbone system and explained the status of the various pipelines and contractual arrangements with PG&E. Mr. Ingwers referred to a one-page handout, which is attached to this notice. Mr. Ingwers explained why SMUD opposes Dynegy's and the Northern California Generation Coalition's ("NCGC") proposal to establish a single electric generation rate. Mr. Ingwers discussed the differences between PG&E's backbone system and local transmission system. Mr. Ingwers also explained that Dynegy purchased the Moss Landing power plant after the existing rate design had been implemented and that Dynegy has had the ability under Gas Rule 1 to build a new lateral pipeline from the Moss Landing Units to the PG&E backbone system. Mr. Ingwers explained that SMUD has no objection to offering this choice to the NCGC utilities availing themselves of this option.

In response to the ex parte communications by NCGC, noticed on December 14, 2015, Mr. Westerfield explained that any alleged increase in greenhouse gas ("GHG") emissions due to a disparity between the proposed backbone and Local Transmission rates was not raised in this proceeding and not addressed in the record. Mr. Westerfield also explained that regardless of potential changes to the dispatch order in the market operated by the California Independent System Operator Corporation, the impact to the state's GHG emissions inventory would be

immaterial because all covered entities must hold compliance instruments under California's Cap-and-Trade Program.

January 15, 2016

Respectfully submitted,

/s/ William W. Westerfield, III



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cc: Corporate Files (LEG 2016-0033)

SMUD Gas Transmission Pipeline System Timeline

900 MW Rancho Seco Nuclear Gen Closed by Vote	June-89
SMUD plans 3 new Cogens to Replace Rancho Seco	1990-1991
Evaluate gas pipeline & supply options for Cogens	October-92
Explore capacity on proposed Mojave P.L.	November-92
Board approves 51 mile SMUD LT pipeline	April-93
SMUD requests CPUC establish a backbone rate	November-94
Board authorizes interconnect w/L400/401	August-95
51 mile, 20" Pipeline complete, begins testing	March-96
SMUD 3-new Cogen plants commence operation	June-96
Board approves purchase of portion L300 & L401	September-96
SMUD terminates Mojave expansion discussions	September-96
Gas Accord 1 eff. with virtual BB and LT rates, but not full unbundling, SMUD gets 94% credit on LT	March-98
Evaluate 26 mi. extension of SMUD LT to new 500 MW Cosumnes generation	November-02
Board approves construction of 26 mi. extension	March-03
CPUC approves stand-alone BB rate	December-03
BB Eligibility Rules established by CPUC	December-04
SMUD 26 mile 24" Pipeline extension complete and Cosumnes commences operation	June-06

